Speaking Points

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Check Against Delivery

Thank you, for your kind introduction. Good afternoon, everyone. Thank you for joining me today.

I'd like to thank the C.D. Howe Institute for its hospitality. Before I begin, I would like to congratulate past and present members of the Institute on its 50th anniversary. That is quite an accomplishment — and a testament to the fine work it has done over the years on public policy research.

As someone who has had the privilege of representing both the Ontario and federal governments, I can tell you that the work the C.D. Howe Institute carries out is highly valued by elected officials across the country.

It is a pleasure to be here with you today to discuss Canada's response to the global economic downturn.

Now, more than ever, we need to engage in discourse on public policy as we confront this economic crisis.

I don't need to tell any of you that we meet at a historic moment. Since last fall, the economy has deteriorated faster than anyone could have predicted, and some are calling it a worldwide crisis. By definition, a crisis is a moment of dramatic upheaval — a turning point that causes one to analyze paths previously taken. It is easy to be preoccupied with the economic challenges that we face daily, but we should also be aware that we are at a point where opportunity presents itself. Today, we are better able to facilitate a shift in Canada towards a knowledge-based economy.

As we share in this task of being both critical and constructive, of questioning past norms and building towards the future, we benefit greatly from opportunities for open dialogue such as this. Thank you once more for hosting me.

This afternoon I want to discuss Canada's Economic Action Plan and what I see as the way forward to our future economic prosperity. Largely and historically, Canada's economic growth has been built on our natural resources and on our manufacturing base, which is largely centred here in Ontario.

However, manufacturing has traditionally been considered a foundation for economic growth — unlike, for example, a reliance on financial markets, which are considered much more volatile.

While this is the case, clearly we have come to a point where traditional assumptions are being tested. This does not mean that we must abandon the approaches that we've taken to this point, but rather that we must be innovative with our traditional means of wealth and growth and brave the new challenges of the global marketplace.

There is no greater resource than the talent of our people — the creativity, innovativeness and productive talents of Canadians will drive our economy forward. The economy of our future is one in which we are able to best capitalize on these talents as we strive towards the goal of being leaders in the knowledge-based economy.

To expand on these ideas, I will put into context where we stand at the moment, which will include an update on the auto industry file. Following that, in discussing our Economic Action Plan, I want to highlight two components that will help to set the stage for Canada's future economic growth and competitiveness on the world stage — our commitment to science and technology and our drive to increase competition and international investment in Canada.

Competing successfully with the rest of the world is our objective in the global economy. As we move forward with our long-term vision, we must dare to be innovative, to both protect the jobs of today and to secure jobs for the future.

Canada continues to fare better than many other countries. We are standing on a very solid foundation, compared with other G7 countries.

Our government has reduced taxes, paid down debt, and invested in roads, bridges, waterways and other essential infrastructure projects. Through four budgets, this government has put in place the right conditions to create a positive climate for Canadian businesses to succeed. And this is being noticed by our fellow G8 and G20 partners.

While Canada has not been immune from the current downturn, we have taken action to support our economy as we weather these challenges. Last month, the Government of Canada presented our Economic Action Plan to do just that.

We began our approach to Budget 2009 by consulting widely. In fact, these were the most comprehensive and inclusive pre-budget consultations in Canadian history, involving hundreds of organizations and thousands of individuals.

Canadians from coast to coast to coast told us that we must act now to keep our economy moving and protect them in these difficult times.

We agree.

As you know, access to credit has posed a significant problem around the globe, and Canada is no exception.

In response to gaps in credit markets, the budget provides up to $200 billion in new and existing measures to support access to credit for Canadian consumers, home buyers and businesses.

This includes at least $5 billion in new financing to be delivered through enhanced cooperation between the financial Crown corporations and private sector financial institutions under the new Business Credit Availability Program.

It also includes the creation of the Canadian Secured Credit Facility, with up to $12 billion to support the auto and manufacturing industries through the financing of vehicles and equipment for consumers and businesses. The goal is to get auto assembly lines up and running again.

The availability of credit is one means through which we are supporting consumers and businesses. Although access to credit is improving, we can still do more to increase consumer confidence. Crises feed uncertainty, and as policy-makers we have to consider the best ways to re-establish confidence.

The global auto industry has been hit particularly hard by this crisis in confidence. Consumers simply are not buying cars as they used to. While the market in the United States has a greater influence on the downturn in North American sales, Canadians are buying fewer cars as well. This clearly has a direct impact on Canadian production, as we export 85 percent of the cars we build here to the U.S.

The main players in the auto industry recognize that they have a large role to play in rebuilding that consumer confidence. On February 20, we received long-term restructuring plans from the Canadian arms of General Motors and Chrysler. My officials are currently reviewing the plans to ensure that they contain a viable, long-term solution that will sustain the industry well into the future.

A full analysis, prepared in coordination with the Province of Ontario, should be completed by the end of the month to determine the best options moving forward.

Let me assure you that if we do enter into a loan agreement, we will have conducted stringent due diligence to determine the risks and devised the best method to deliver fully repayable loans to the automakers for restructuring while protecting taxpayers' interests.

Given my years in public life serving Ontarians, I understand what the manufacturing sector, and not just the auto manufacturing sector, means to the Ontario economy. We know that times are harder right now, so in the Economic Action Plan we have committed more than $1 billion over the next five years for a southern Ontario development agency.

This regional development agency's programs will support community development, innovation and economic diversification. It will help individuals and businesses to position themselves to take advantage of opportunities as they emerge.

This is great news for Ontario.

Two of the key tasks of the southern Ontario development agency are the promotion of innovation and economic diversification. While the agency is a means to encourage these aims at the regional level, we are also championing them at the national level.

There is simply no doubt that Canada's long-term economic competitiveness depends, as never before, on ideas, innovation and inventiveness. It is no surprise that since Canada's Science and Technology (S&T) Strategy was launched by the Prime Minister in 2007, the government has invested more than $7 billion in helping stimulate economic activity through large-scale S&T investments.

Budget 2009 announced that $5.1 billion of this funding will be used for science and technology, research and development. We know that the jobs of tomorrow are found in the discoveries of today, so we look at research funding as investment — in innovation, in job creation, and as a hedge against tough economic conditions.

In our past three budgets, our government has taken the proactive step of forward funding our granting councils and institutions, such as Genome Canada. Consultations between the government and the presidents of Canada's universities and colleges resulted in their requesting the government to help with much-needed repairs to their institutions.

So, in our Economic Action Plan we are doing just that, with an ambitious program providing $1 billion a year for repairs to our colleges and universities over the next two years. Priority will be given to projects that advance research, development and skills training — critical components in preparing our economy and our workers to compete globally in the future.

As home to some of Canada's most prestigious post-secondary institutions, Toronto will be able to take advantage of this $2 billion in funding, which I announced yesterday in Halifax, to provide repairs to our college and university infrastructure.

Additionally, we have committed to helping companies hire over 1000 new post-secondary graduates in business and science. We are also expanding the Canada Graduate Scholarships program and offering an additional 600 graduate internships through the Industrial Research and Development Internship Program. If our future comes from science and technology, we need skilled people to bring these discoveries to the market. Internships and scholarships are valuable ways to facilitate this goal.

These are strategic investments in the scientists and innovators of tomorrow and in the research facilities that will enable them to do their best work.

But it's only part of the solution. We have also been busy improving our marketplace frameworks to help Canadian businesses successfully compete with the rest of the world over the long term.

As you may recall, in June of 2007, our government created the Competition Policy Review Panel, chaired by Red Wilson, to examine two key pieces of Canadian legislation — the *Competition Act* and the *Investment Canada Act* — to see if changes were needed to ensure that Canada keeps pace with today's competitive global economy.

The panel consulted with Canadians from across the country, and heard from stakeholders in cities such as Montréal, Ottawa, Vancouver, Calgary and right here in Toronto. It received and reviewed 155 written submissions as well.

In addition to regional meetings across Canada, consultations were held on specific themes of direct relevance to the panel's mandate. This supplemented a number of informal meetings with issue experts and senior officials, in Canada and abroad, throughout the panel's proceedings.

Once all the consultations were completed, the panel submitted its recommendations to the federal government in the summer of 2008. We had committed to act on these recommendations.

As part of the *Budget Implementation Act*, we honoured that commitment.

When we talk about competition, we are really talking about what's best for consumers. Competition brings choice. This ability to choose creates a powerful incentive in the marketplace — for businesses to make their products better, their services more comprehensive, and their pricing more attractive. Quite simply, when firms compete, consumers do better and the economy becomes more productive.

As a nation, we need to improve the conditions under which Canadian firms compete domestically and globally. We must also ensure that the players respect the rules of the game. Standing still is not an option.

Reforms to the *Competition Act* will protect Canadian consumers more effectively from anti-competitive behaviour and deceptive marketing practices, such as misleading advertising, mass marketing fraud and price-fixing.

Deceptive marketing will be subject to tougher sanctions. The introduction of administrative

monetary penalties for abuse of dominance — where there are currently no financial consequences — will provide greater deterrence for anti-competitive behaviour. And we are proposing substantially increased fines and jail terms for price-fixing cartels.

By introducing tougher and more predictable penalties, we are sending a clear signal that these "white collar" crimes will not be tolerated in Canada.

At the same time, our amendments strike an important balance that ensures the law will not discourage legitimate business activity. Legitimate businesses have nothing to fear from these changes. In fact, cracking down on illegal activity will only benefit them and their customers.

We are also proposing changes to the merger review process in direct response to concerns voiced to the panel over lack of certainty for business and the need for more streamlined processes.

Contrary to some of the misleading commentaries on this issue, our proposed amendments will reduce red tape for business by making fewer mergers subject to notification — and increase certainty because the Competition Bureau will have to clearly state within 30 days whether the proposed transaction warrants an investigation.

For the very small number of mergers that pose real anti-competitive risks to the Canadian economy, companies will be asked for additional information. The vast majority of proposed mergers will be able to close after the initial 30-day period, or sooner. This means the new entities will get to down to business faster.

These changes will make the merger review process more efficient, effective and predictable for business and allow the government to do what it needs to in order to ensure that our markets function as they should — for the benefit of all Canadians.

When times are tough, it is more important than ever to ensure that consumers and businesses do not fall prey to illegal activity.

Competitive markets provide the greatest chance for better choice of products, lower prices and superior quality, not only creating a higher standard of living but benefiting our economy as a whole.

Modernizing the *Competition Act* will allow the government to better protect and promote competitive markets.

The amendments will also serve to create jobs and opportunities for Canadians by making Canada more globally competitive.

We are reducing the challenges currently facing international investors who want to invest here. This is critical, because international investment is vital to our country. It spurs innovation and enhances productivity. It makes our economy more dynamic and better able to compete in world markets. It provides greater access to capital and ideas, enabling Canadian companies to expand and improve. And it creates more jobs for Canadians.

To achieve these goals, we are proposing amendments to the *Investment Canada Act*, legislation that has not been significantly updated in more than 20 years.

This will mean that future reviews will be applied only to the largest and most important prospective investments.

Currently, Canada is the only major developed country that does not have a mechanism for reviewing foreign investment on the basis of national security.

As part of the *Investment Canada Act* reforms, we have proposed a national security review mechanism that will ensure that Canada's sovereignty is not threatened. But to be clear, this is not to be mistaken as a form of protectionism. Canada is open for business. We recognize that the way forward is to take a global perspective and to raise our sights to the opportunities of the global marketplace. Canada is well positioned to succeed. We can and we will.

With these long-term goals in mind, we have developed a comprehensive approach to boosting our economy in the short term through strategic investment, while setting the right conditions for Canada's economic prosperity in the future.

The measures outlined in Canada's Economic Action Plan — things like easing your tax burden, promoting S&T, freeing up credit and funding shovel-ready road, bridge, waterways and other infrastructure projects — will lay the foundation for business to grow from this period of economic uncertainty. It will be up to industry and consumers to drive the economy from there.

Our Action Plan recognizes that, in these challenging economic times, we must work harder than ever to seize economic opportunities — to create jobs, develop new products, and open new markets.

Though we are facing this turning point — this economic existential crisis — we see that we also have an opportunity to build for the future. As I've mentioned today, we have a crisis of consumer confidence, one that has hit our manufacturing sector in general, and our auto industry in particular, hard.

We are taking action to re-establish consumer confidence and competition. We are also preparing our economy for the future through investments in science and technology and by ensuring that our competition and investment conditions are attractive in order for businesses to thrive.

We are building a new knowledge-based economy — one in which our manufacturing core can benefit from new products and innovations, one in which our scientists and entrepreneurs can find the support they need to get their ideas to market, and one in which investors will find greater opportunity. Our actions will ensure that the right conditions are in place so that Canada remains the best place in the world in which to live, work and invest.

I look forward to working with all of you as we build a promising future together.

I thank you for your time.

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